



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

615 Chestnut Street

Suite 1250
Philadelphia, Pennsylvania 19106-4476
(215) 861-8200

For Immediate Release

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DELAWARE COUNTY MAN CHARGED IN LARGE SCALE INVESTMENT FRAUD

PHILADELPHIA - Acting United States Attorney Laurie Magid today announced the filing of a criminal complaint¹ against Joseph Forte, charging Forte with mail fraud. According to the affidavit, Forte was the sole general partner of an investment fund, which he used as a pyramid or "Ponzi" scheme to defraud investors of tens of millions of dollars between 1996 and 2008.

According to the affidavit, Forte has admitted to raising at least \$50 million in investment capital from roughly 80 investors, including a charity, a church, and a private school. Forte told investors that he was profitably trading in S&P 500 stock index futures contracts. In quarterly "investment reports" mailed to investors, Forte consistently claimed that his trades were profitable, reporting investment returns between 18% and 38%. In fact, according to the affidavit, Forte consistently lost money on his trades and he fabricated the numbers in the investment reports to mislead his investors. In the last 10 years, Forte's trading account suffered aggregate trading losses of \$3.3 million.

The affidavit alleges that Forte only deposited about half of the investors' money in his trading account. Forte paid himself millions of dollars in salaries and fees, and used over \$15 million of investor funds to pay other investors who made redemption requests. Despite the trading account's actual losses, Forte was able to continue raising money from new investors by falsely reporting high return rates.

"Ponzi schemes such as this exploit the trust and hopes of investors, including friends and charitable institutions," Magid said. "In these troubled economic times the devastation caused to the victims cannot be overstated. Our office will continue to aggressively prosecute those who use the financial markets to deceive and defraud the public."

¹An complaint is an accusation. A defendant is presumed innocent unless and until proven guilty.

According to the affidavit, Forte used the system of mailing quarterly investment reports as the primary method for misrepresenting his trade performance to individual investors. Via the most recent quarterly report mailed to investors on or about September 30, 2008, Forte reported that his fund had a value of \$154,700,189, when in reality the value of the account was less than \$150,000. The complaint alleges that on or about September 30, 2008, in order to execute his scheme, Forte caused to be mailed statements which falsely represented his trading activities, as well as the status of investments of individual investors.

“The US Postal Inspection Service is committed to protecting the public’s full confidence in the mail. Postal Inspectors are intent on preserving the integrity of the US mail through vigorous law enforcement, public education, and crime prevention efforts,” said United States Postal Inspector-in-Charge Teresa Thome, of the Philadelphia office.

“The FBI views these types of financial investment frauds as significant problems, because of the devastating effect they have not only on the individual victims who are preyed upon but also the effect they have on the overall economy,” said Special Agent-in-Charge of the Philadelphia Division of the FBI, Janice K. Fedarczyk.

INFORMATION REGARDING THE DEFENDANT

NAME	ADDRESS	AGE
Joseph S. Forte	Broomall, PA	53

If convicted, Forte faces a maximum possible sentence of 20 years imprisonment, a \$250,000 fine, and the U.S. Attorney’s Office will seek full restitution for his victims, including forfeiture of any proceeds traceable to the commission of the offenses.

The case was investigated by the United States Postal Inspection Service and the Federal Bureau of Investigation, in cooperation with the Securities and Exchange Commission, the Commodities Futures Trading Commission, and the Delaware County District Attorney’s Office. It is being prosecuted by Assistant United States Attorney Joseph Khan.

UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT, PENNSYLVANIA
Suite 1250, 615 Chestnut Street
Philadelphia, PA 19106

Contact: PATTY HARTMAN
Media Contact
215-861-8525

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